

MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION

Official Minutes June 10, 2005

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**MINUTES OF REGULARLY SCHEDULED HIGHWAYS AND
TRANSPORTATION COMMISSION MEETING HELD IN
JEFFERSON CITY, MISSOURI, ON FRIDAY, JUNE 10, 2005**

A regularly scheduled meeting of the Missouri Highways and Transportation Commission held on Friday, June 10, 2005, in Jefferson City, Missouri, was called to order at 9:30 a.m. by Marjorie B. Schramm, Chairman. The following Commissioners were present: Bill McKenna, Vice Chairman, James B. Anderson, Duane S. Michie, Wallace S. Hartsfield, and Mike Kehoe.

The meeting had been called pursuant to Section 226.120 of the 2000 Revised Statutes of Missouri, as amended. The Secretary verified that notice of the meeting was posted in keeping with Section 610.020 of the 2000 Revised Statutes of Missouri, as amended.

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Mr. Pete Rahn, Director of the Missouri Department of Transportation; Mr. Rich Tiemeyer, Chief Counsel for the Commission; and Mrs. Mari Ann Winters, Secretary to the Commission, were present on Friday, June 10, 2005.

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*"Department" or "MoDOT" herein refers to Missouri Department of Transportation.
"Commission" or "MHTC" herein refers to Missouri Highways and Transportation Commission.*

CLOSED MEETING

The agenda of the closed meeting was posted in keeping with Sections 610.020 and 610.022, RSMo., including the following statutory citations allowing the meeting to be closed:

1. Section 610.021(11), (12) – Specifications for competitive bidding, sealed bids, or negotiated contracts.
2. Section 610.021(1) – Legal actions and attorney-client privileged communications.
3. Section 610.021(3), (13) – Personnel administration regarding particular employees.

Immediately prior to closing its meeting, and upon motion by Commissioner McKenna, seconded by Commissioner Michie, to convene in closed session, the Chairman asked for a voice vote of the members. The vote was as follows:

Commissioner Schramm, Aye
Commissioner McKenna, Aye
Commissioner Michie, Aye
Commissioner Anderson, Aye
Commissioner Hartsfield, Aye
Commissioner Kehoe, Aye

whereupon the Commission closed its meeting. The Commission subsequently opened its meeting and following the open meeting, the Commission returned to its closed meeting to discuss items on its closed meeting agenda.

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APPROVAL OF MINUTES, REGULARLY SCHEDULED HIGHWAYS AND TRANSPORTATION COMMISSION MEETING, MAY 11, 2005

Upon motion by Commissioner Michie, seconded by Commissioner Anderson, the Commission unanimously approved the minutes of its May 11, 2005, regularly scheduled meeting. The Chairman and Secretary to the Commission were authorized and directed to sign and certify said minutes and to file same in the office of the Secretary.

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CONSENT AGENDA

In order to make the most efficient use of Commission meeting time and to ensure the Commission members are well informed on issues requiring their action, the staff prepares and submits to the Commission members, in advance of their meeting, internal memoranda consisting of advice, opinions, and recommendations related to the items on the Commission meeting agenda. Those items considered by the staff to be of a routine or noncontroversial nature are placed on a consent agenda. During the meeting, items can be removed from the consent agenda at the request of any one Commission member. The items that are not removed from the consent agenda are approved with a single motion and unanimous vote by a quorum of the members.

Minutes reflecting approval of items on the consent agenda are singly reported herein and intermingled with minutes reflecting action on related subjects that were openly discussed. Reference to "consent agenda" is made in each minute approved via the process described in the paragraph above. Minutes reflecting action on items removed from the consent agenda and openly discussed reflect the open discussion and vote thereon.

No items were removed from the consent agenda. Upon motion by Commissioner McKenna, seconded by Commissioner Anderson, all items on the consent agenda were unanimously approved.

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REPORTS OF COMMISSION COMMITTEES AND COMMISSION RELATED BOARDS

The Commission has two committees: Audit Committee and Legislative Committee. In addition, it elects Commission representatives to two boards: Missouri Transportation Finance Corporation Board of Directors and MoDOT and Patrol Employees' Retirement System Board of Trustees. The following committee/board reports were made during the June 10, 2005, meeting.

MoDOT and Patrol Employees' Retirement System Board of Trustees – Commissioner Anderson reported that the MoDOT and Patrol Employees' Retirement System Board of Trustees met on May 26, 2005. At that meeting, the Board reviewed the draft operating budget for Fiscal Year 2006, reviewed a draft strategic plan for the Retirement System, and adopted a succession plan for the retirement system staff. Commissioner Anderson anticipated that a task force would be assembled during the summer to take an in depth look at the issue of consolidating the MoDOT and Patrol Employees' Retirement System with the Missouri State Employees Retirement System. The task force would subsequently make recommendations to the two retirement system boards and the General Assembly.

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POLICY - DELEGATION OF AUTHORITY FOR APPROVAL AND EXECUTION OF DOCUMENTS

Upon motion by Commissioner Michie, seconded by Commissioner McKenna, the Commission unanimously delegated authority for execution of documents to the staff to be effective retroactive to June 1, 2005. This revision is in keeping with job title changes resulting from MoDOT reorganization; no documents have been added, revised, or deleted from the policy approved by the Commission on December 10, 2004. The updated policy is printed below in its entirety.

MHTC POLICY DELEGATION OF AUTHORITY FOR APPROVAL AND EXECUTION OF DOCUMENTS

Dates in parenthesis () reflect current and prior Commission action on the noted subject.

A. General Provisions

1. **Unique, Sensitive, and/or Controversial Transactions:** Notwithstanding the delegation of authority for approval and execution of documents noted below, all unique, sensitive, and/or controversial transactions will be submitted to the Commission. (July 10, 2001; December 10, 2004; June 10, 2005)
2. **Budget and Transportation Program Compliance:** The documents executed via the authority delegated below must not incur costs beyond those contemplated by the Commission-approved Statewide Transportation Improvement Program and/or the MoDOT Operating Budget. (July 10, 2001; December 10, 2004; June 10, 2005)

3. **Delegation of Authority:** The Director, Chief Engineer, and Chief Financial Officer are each authorized to approve and execute documents and expend funds on behalf of the Missouri Highways and Transportation Commission as identified in Paragraphs B through G below, and subject to the provisions therein. Further, the Director of Program Delivery, Director of System Management, and Deputy Administrative Officer, are authorized to approve and execute documents and expend funds subject to the provisions below and restricted to his/her respective area of operation. (July 10, 2001; December 10, 2004; June 10, 2005)
4. **Authority extended to District Engineers Immediate Assistants:** In those areas specified below where the District Engineer is authorized to execute documents and expend funds, like authority is extended to the respective district's Assistant District Engineers and Assistants to the District Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)
5. **Staff Delegation to Others:** Where the Commission has authorized the staff to designate "others," such designation must be by written advisory from the Director, Chief Engineer, Chief Financial Officer, Chief Counsel, Director of Program Delivery, Director of System Management, or Deputy Administrative Officer to the Secretary to the Commission. (December 10, 2004; June 10, 2005)
6. **Approval as to form/Attestation/Seal/Facsimile Signature:** All documents executed on behalf of the Commission and referenced herein shall be approved as to form by the Chief Counsel or an authorized Assistant Counsel, executed by an authorized Commission representative, and attested to by the Secretary who shall affix the official seal of the Missouri Highways and Transportation Commission; however, documents that are on the Chief Counsel's Office's approved list of contract forms as filed with the Secretary, provided there are no deviations from the form, may be executed by the authorized Commission representative without approval as to form, attestation, or affixing the seal. The Secretary is authorized to place a facsimile signature on all copies of documents when the original bears the signature of the person authorized to execute the document. (July 10, 2001; December 10, 2004; June 10, 2005)
7. **Conflict of Interest:** Compliance with MHTC Conflict of Interest Policy is required for any contract or agreement executed under this policy. (July 10, 2001; December 10, 2004; June 10, 2005)
8. **Effective Date:** The delegation of authority and authorization herein supersedes any prior policy related to delegating authority for approval and execution of documents and is effective December 10, 2004. (July 10, 2001; December 10, 2004; June 10, 2005)
- B. **Statewide Transportation Improvement Program -** The Statewide Transportation Improvement Program (STIP), which includes the Five-Year Highway and Bridge Construction Schedule and the Multimodal Operations Work Program, must be approved by the Commission.

1. **Award of Construction Contracts:** The Commission will approve bids and award all roadway and bridge contracts, except as otherwise specifically designated by the Commission. Commission awarded contracts may be executed by any one of the staff noted in paragraph A3. (July 10, 2001; December 10, 2004; June 10, 2005)
2. **Construction Change Orders:** Change orders may be executed as delegated by the Director; however, revisions in the contract amounts meeting any of the three following criteria must have the concurrent approval of the Chief Engineer and Chief Financial Officer: (1) additions greater than 50% if the original contract amount was \$500,000 or less; (2) additions greater than 25% if the original contract amount was greater than \$500,000; or (3) additions greater than \$1,000,000. (July 10, 2001; December 10, 2004; June 10, 2005)
3. **Construction Contract Administration:**
 - a. **Arbitration Agreements:** Arbitration agreements in connection with highway construction projects, which **are** not provided for in a construction contract, may be executed by any one of the staff noted in paragraph A3. (November 3, 1989; July 10, 2001; December 10, 2004; June 10, 2005)
 - b. **Contractor Claims Administrative Settlements:** The Director of Program Delivery and Chief Financial Officer or his designee are authorized to concurrently settle contractor claims in the amount of \$250,000 or less. The Chief Engineer and Chief Financial Officer are authorized to concurrently settle contractor claims in the amount of \$1,000,000 or less. (September 9, 1994; July 10, 2001; December 10, 2004; June 10, 2005)
 - c. **Construction Claims Negotiations:** Contracts with third party consultants to provide services in the analysis and resolution of claims by negotiation, as well as in mediations, and the defense of arbitration demands and litigation defense in the amount of \$200,000 or less may be executed by any one of the staff noted in paragraph A3. (December 10, 2004; June 10, 2005)
 - d. **Escrow of Bid Documents:** Any one of the staff noted in paragraph A3 or others specifically designated by any one of the aforementioned in a document filed with the Secretary to the Commission, are authorized to execute agreements, affidavits, and related documents and expend funds for costs associated with the rental of safe deposit boxes, and for the opening and closing of escrow accounts using those safe deposit boxes, for the escrow of contractors and Departmental bidding records, in accordance with Commission policy. (July 10, 2001; December 10, 2004; June 10, 2005)
4. **Consultant Contracts:**
 - a. **Projects Identified for Engineering in the STIP:** Contracts for engineering services on projects identified in the STIP may be executed by any one of the staff noted in paragraph A3 provided (1) the total annual expenditure for engineering services payments does not exceed the amount approved in the

Design/Bridge Engineering Services item in the annual operating budget and (2) the contract has been selected in keeping with provisions of Chapter 8 of the Revised Statutes of Missouri for retaining engineering services. (September 1, 2000; July 10, 2001; December 10, 2004; June 10, 2005)

- b. **Hourly Rate Engineering Services Contracts on Highway Projects:** Master agreements for hourly rate professional engineering services on highway projects, limited to \$100,000 per single work order, for a period of three years plus a one-year extension option based on the consultant's performance may be executed by any one of the staff noted in paragraph A3 provided selection is in keeping with Chapter 8 of the Revised Statutes of Missouri. Any one of the staff noted in paragraph A3, District Engineers, or division leaders may execute individual work orders for services to be performed in his/her respective district or division under the terms of the master agreement. (April 4, 2003; July 10, 2001; December 10, 2004; June 10, 2005)
- 5. **Environmental Approvals:** Documents providing analysis of the environmental effects or impacts of a proposed project, or of any document determining or suggesting that the proposed project is exempt or categorically excluded from such environmental analysis, which may be required by a federal or state agency having regulatory authority to obtain approval to proceed with the planning, design, or construction of that proposed project, may be approved and executed by any one of the staff noted in paragraph A3. (December 10, 2004; June 10, 2005)
- 6. **Environmental Damage Mitigation:** Contracts with property owners and/or third parties to mitigate environmental impacts as a result of project construction, including contracts to acquire and/or develop sites for mitigation banking to obtain regulatory agency credits to offset environmental project development or construction impacts or damage elsewhere, may be executed by any one of the staff noted in paragraph A3, provided the estimated cost of the mitigation is included in the most current STIP. (July 10, 2001; December 10, 2004; June 10, 2005)
- 7. **Joint STIP Projects:**
 - a. **Governmental Agencies and Others:** Agreements with state and local governmental agencies and others for use of, and/or improvements to, roadways within their jurisdictions to facilitate improvements to the state transportation system may be executed by any one of the staff noted in paragraph A3, provided the monetary obligation of the Commission does not exceed the amount approved in the STIP. (February 4, 1999; July 10, 2001; December 10, 2004; June 10, 2005)
 - b. **Innovative Finance/Project Acceleration:** Agreements by which entities accelerate a project on the Commission-approved STIP by providing the cost of financing and the Commission commits to future repayment of project costs, may be executed by any one of the staff noted in paragraph A3, provided the agreements are in compliance with all related Commission policies. (July 10, 2001; December 10, 2004; June 10, 2005)

- c. **Economic Development:** Agreements, applications, and related documents with the Missouri Department of Economic Development or the Missouri Development Finance Board concerning the Commission receiving contributions for the construction of transportation projects may be executed by any one of the staff noted in paragraph A3, provided the subject project has been approved by the Commission. (March 3, 2000; July 10, 2001; December 10, 2004; June 10, 2005)
- d. **Transportation Corporations and Development Districts:**
 - (1) Agreements with Transportation Corporations may be executed by any one of the staff noted in paragraph A3, except that the following matters require Commission approval: project authorization; articles of incorporation; by-laws; final financing plan; and final construction plans and specifications. (July 10, 2001; December 10, 2004; June 10, 2005)
 - (2) Agreements with Transportation Development Districts may be executed by any one of the staff noted in paragraph A3, except that the following matters require Commission approval: project authorization and final plans and specifications. (July 10, 2001; December 10, 2004; June 10, 2005)
- 8. **Multimodal Operations Work Program:** Any one of the staff noted in paragraph A3 or the Multimodal Operations Director may increase the limits of projects in the Multimodal Operations Work Program by a maximum amount of \$50,000 or establish new projects in an amount not to exceed \$50,000. In addition, any one of the staff noted in paragraph A3 or the Multimodal Operations Director may execute all documents necessary to carry out the approved program. (July 10, 2001; December 10, 2004; June 10, 2005)
- 9. **Right-of-Way Acquisition and Relocation:** Any one of the staff noted in paragraph A3, the Right of Way Director, District Engineers, or others designated in compliance with paragraph A5, may execute documents and expend funds for costs associated with the acquisition of right-of-way on projects noted in the STIP: including (1) contracts with property owners and/or third parties providing for mitigation of damage to real property as a result of the right-of-way acquisition process and (2) documents related to relocation of owners and tenants. Expenditures may exceed the amount approved in the STIP on individual projects; however, the aggregate expenditures for all projects must not exceed the aggregate amount in the STIP. (June 2, 1989; June 2, 1995; July 3, 1996; March 3, 1998; July 10, 2001; December 10, 2004; June 10, 2005)
- a. **Firm Offers:** The authority to arrive at an approved firm offer for right-of-way to be acquired by the Department is vested with the Right of Way Division. Any one of the staff noted in paragraph A3, the Right of Way Director, or the respective District Engineer may execute the letter binding the Commission to the firm offer extended by the District Right of Way Managers, Right of Way Specialists, Right of Way Agents, or Deed Writers. (June 2, 1989; July 10, 2001; December 10, 2004; June 10, 2005)

- b. **Acquisition Agreements:** Agreements for use in acquiring land when an escrow agreement is not appropriate may be executed by any one of the staff noted in paragraph A3, the Right of Way Director, or the respective District Engineer, District Right-of-Way Manager, or Right of Way Specialist. (April 1, 1993; July 10, 2004; December 10, 2004; June 10, 2005)

- 10. **Sales Tax Exemption Certificates:** Agreements with tax exempt entities (including cities, counties, public and private not-for-profit agencies and other charitable organizations) to allow the entities to take advantage of their sales tax exemption on materials used on roadway construction projects significantly funded by the local entities may be executed by any one of the staff noted in paragraph A3. The sales tax exemption certificate approved by the Missouri Department of Revenue will be included in the bidding documents for MoDOT administered projects. (June 4, 1999; July 10, 2004; December 10, 2004; June 10, 2005)
- 11. **Statewide Transportation Improvement Program Implementation:** Agreements, other than those identified above necessary to provide the improvements contemplated by the Statewide Transportation Improvement Program wherein there is no cost or the cost is \$200,000 or less may be executed by any one of the staff noted in paragraph A3. (July 10, 2001; December 10, 2004; June 10, 2005)

C. Operating Budget – The Operating Budget, which includes the Capital Improvement Program, will be approved by the Commission.

- 1. **Capital Improvement Plan:** A Capital Improvement Plan identifying specific projects will be presented to the Commission through the budget process. (January 17, 1997; July 10, 2001; December 10, 2004; June 10, 2005)
 - a. **Bids/Contracts:** Any one of the staff noted in paragraph A3, or others designated in compliance with paragraph A5, may approve bids and execute contracts for capital improvements, except that the total expenditures cannot exceed the total amount of the Commission-approved Capital Improvement Plan. This approval is subject to concurrent or prior approval of the Office of Administration and/or the Board of Public Buildings, where applicable. (July 10, 2001; December 10, 2004; June 10, 2005)
 - b. **Capital Improvement Plan Construction Change Orders:** Change orders may be executed as delegated by the Director; however, revisions in the contract amounts meeting any of the three following criteria must have the concurrent approval of the Chief Engineer and the Chief Financial Officer or Deputy Administrative Officer: (1) additions greater than 50% if the original contract amount was \$250,000 or less; (2) additions greater than 25% if the original contract amount was greater than \$250,000; or (3) additions greater than \$500,000. (December 10, 2004; June 10, 2005)
- 2. **Emergency Work:** Any one of the staff noted in paragraph A3 or the respective District Engineer is authorized to execute contracts for emergency roadway and bridge and other transportation facility repairs, structure demolition, and/or services necessary for the benefit of public safety. (January 13, 1989; August 6, 1993; July 10, 2001; December

10, 2004; June 10, 2005)

3. **Joint Non-STIP Related Projects:** Any one of the staff noted in paragraph A3 is authorized to execute agreements wherein the terms of participating in a joint transportation improvement or other cooperative effort are outlined. (February 4, 1999; March 12, 1999; July 10, 2001; December 10, 2004; June 10, 2005)
4. **Maintenance by Contract:** Any one of the staff noted in paragraph A3 or the State Maintenance Engineer may determine the responsiveness of bids requested and execute roadway maintenance contracts in the amount of \$200,000 or less. (March 10, 1995; April 7, 2000; July 10, 2001; December 10, 2004; June 10, 2005)
5. **Materials Standardization Services:** Agreements with the AASHTO Materials Reference Laboratory for materials standardization services may be executed by any one of the staff noted in paragraph A3. (June 2, 1995; July 10, 2001; December 10, 2004; June 10, 2005)
6. **Operations Implementation:** Agreements, other than those described above that incur no costs or nominal cost (\$10,000 or less) necessary to effectively carry out the goals contemplated by the Commission-approved operating budget, may be executed by any one of the staff noted in paragraph A3. (July 10, 2001, December 10, 2004; June 10, 2005)
7. **Professional and Consultant Services (other than Design/Bridge STIP Projects):**
 - a. **\$25,000 or less:** Any one of the staff noted in paragraph A3 or the respective District Engineer may execute contracts and expend funds for procurement of services and consultant services in the amount of \$25,000 or less. (April 7, 2000; July 10, 2001; December 10, 2004; June 10, 2005)
 - b. **Local Agency Bridge Inspection Contracts:** Agreements to provide for the inspection of local agency bridges deemed necessary to carry out MoDOT's obligations to inspect bridges within Missouri's borders to comply with the National Bridge Inspection Standards established under Title 23 of the Code of Federal Regulations. These agreements, which incur no direct cost to the Commission, may be executed by any one of the staff noted in paragraph A3, provided the consultant has been selected in keeping with Chapter 8 of the Revised Statutes of Missouri. (July 10, 2001; December 10, 2004; June 10, 2005)
 - c. **Consultant Statewide Engineering Services Contracts:** Master agreements for hourly rate professional engineering services limited to \$100,000 per single work order for a period of three years plus a one-year extension option based on the consultant's performance may be executed by any one of the staff noted in paragraph A3 provided selection is in keeping with Chapter 8 of the Revised Statutes of Missouri. Any one of the staff noted in paragraph A3, any District Engineer, or a division leader may execute individual work orders for services to be performed in his/her respective district or division under the terms of the

master agreement. (April 7, 2000; October 4, 2000; July 10, 2001; April 4, 2003; December 10, 2004; June 10, 2005)

d. **Hourly Rate Architectural/Engineering Services, Capital**

Improvements: Hourly rate professional services agreements on an on-call, as-needed basis to address capital improvement and capital asset preservation projects may be executed by any one of the staff noted in paragraph A3 or the General Services Director. The one-year agreements may be renewed by the staff for four additional one-year periods. (July 10, 2001; January 16, 2004; December 10, 2004; June 10, 2005)

8. **Purchases:** Any one of the staff noted in paragraph A3, or others designated in compliance with paragraph A5, may determine the responsiveness of bids requested, execute contracts, and expend funds for the purchase of materials and supplies in the amount of \$200,000 or less per purchase or contract. (July 10, 2001; December 10, 2004; June 10, 2005)

9. **Research and Testing:** Agreements with the National Academy of Sciences, the Federal Highway Administration, universities, other states, or other entities pertaining to research projects and testing functions may be executed by any one of the staff noted in paragraph A3. (June 2, 1995; July 10, 2001; December 10, 2004; June 10, 2005)

10. **Settlements:**

Note: Settlements involving Contractor Claims are addressed in paragraph B3b of this policy. Settlement authority granted to the Chief Counsel is covered in a policy minute titled, "Authority to Defend, Institute and Settle Cases." (July 10, 2001; December 10, 2004; June 10, 2005)

a. **Employees:**

- (1) **Civil Rights Conciliation or Settlements:** Prior to a complaint being filed in federal court, a petition being filed in state court, or a notice of public hearing being issued by the Missouri Commission on Human Rights, conciliation agreements and settlement agreements with the Missouri Commission on Human Rights and/or the Equal Employment Opportunity Commission, may be executed by any one of the staff noted in paragraph A3. (June 5, 1987; July 10, 2001; December 10, 2004; June 10, 2005)

- (2) **Employment Grievances:** Settlements as a result of employment grievances, except those where the employee requests a formal termination or whistle-blower hearing, may be executed by any one of the staff noted in paragraph A3, after approval of the Director. (July 10, 2001; December 10, 2004; June 10, 2005)

- b. **Insurance Claims against Others/Receipts/Payments:** Claims against insurance companies or others, partial payment agreements, and receipts or releases for payments to the Commission in satisfaction of amounts owed to the Commission may be executed by any one of the staff noted in paragraph A3, the

Risk Management Director, or an assistant to the Risk Management Director.
(January 13, 1989; July 10, 2001; December 10, 2004; June 10, 2005)

- c. **Insurance Claims against MoDOT:** Claims against MoDOT and/or the Commission through its self-insurance programs in the amount of \$300,000 or less may be executed by any one of the staff noted in paragraph A3 or others designated in compliance with paragraph A5. (July 10, 2001; December 10, 2004; June 10, 2005)
 - d. **Rail Industry Safety:** Pre-suit settlement agreements with railroad carriers pertaining to alleged safety violations by the railroad industry may be executed by any one of the staff noted in paragraph A3 or the Multimodal Operations Director. (March 10, 2004; December 10, 2004; June 10, 2005)
 - e. **Motor Carrier Industry:** Pre-suit settlement agreements with motor carriers pertaining to alleged violations of safety regulations or economic laws by such motor carriers may be executed by anyone of the staff noted in paragraph A3, the Motor Carrier Services Director, or others designated in compliance with paragraph A5. (July 9, 2004; December 10, 2004; June 10, 2005)
11. **State Planning and Research (SPR) Program Funds:** Any one of the staff noted in paragraph A3 is authorized to execute agreements funded by State Planning and Research Program Funds, which are mandated by federal legislation or regulation for use on planning and research projects only. (May 6, 1994; July 10, 2001; December 10, 2004; June 10, 2005)

D. Funds Transfers and Reimbursement Agreements

- 1. **Funds Transfers:** Formal documents effecting monthly transfers between the State Highways and Transportation Department Fund and the State Road Fund may be executed by any one of the staff noted in paragraph A3 or the Controller. The Chief Financial Officer will maintain balances in each fund necessary to meet business requirements. (January 13, 1989; May 5, 1995; July 2, 1998; July 10, 2001; December 10, 2004; June 10, 2005)
- 2. **Federal Agencies:** Documents required by the Federal Highway Administration, the National Highway Traffic Safety Administration, or the Federal Motor Carrier Safety Administration to obtain federal-aid or reimbursement and the certificate required by federal regulations for reimbursement for right-of-way acquisition may be executed by any one of the staff noted in paragraph A3 or others designated in compliance with paragraph A5. Documents necessary to receive and expend federal funds made available by the Federal Transit Administration, the Federal Railroad Administration, the Federal Aviation Administration, the United States Coast Guard, the National Highway Traffic Safety Administration, the Federal Motor Carrier Safety Administration, or other federal agencies may be executed by any one of the staff noted in paragraph A3 or others designated in compliance with paragraph A5. (March 9, 1990; August 6, 1993; March 6, 1997; July 10, 2001; December 10, 2004; June 10, 2005)
- 3. **Automated Clearinghouse:** Letters of credit to obtain apportionments of federal funds through the National Highway Traffic Safety Administration, the Federal

Motor Carrier Safety Administration, the Federal Transit Administration, the Federal Railroad Administration, and the Federal Aviation Administration may be executed by any one of the staff noted in paragraph A3, the Multimodal Operations Director, Highway Safety Director, or Motor Carrier Services Director. (August 6, 1993; March 6, 1997; July 10, 2001; December 10, 2004; June 10, 2005)

4. **Electronic Grant Management System:** Documents necessary to receive and expend federal funds made available to the Commission by federal agencies through the Electronic Grant Management System may be executed electronically or manually by any one of the staff noted in paragraph A3 or the Multimodal Operations Director, provided all funds so received and expended are included in the Multimodal Operations Work Program. (March 6, 1997; July 10, 2001; December 10, 2004; June 10, 2005)
5. **Electronic Clearinghouse System:** Requests for payment through the Electronic Clearinghouse System for funds for federal projects included in the Multimodal Operations Work Program may be authorized by any one of the staff noted in paragraph A3 or the Multimodal Operations Director. (March 6, 1997; July 10, 2001; December 10, 2004; June 10, 2005)
6. **Electronic Grant Tracking System:** Documents necessary to receive and expend federal funds made available to the Commission by the National Highway Traffic Safety Administration for federal projects included in the annual Highway Safety Plan may be authorized by any one of the staff noted in paragraph A3 or the Highway Safety Director. (December 10, 2004; June 10, 2005)

E. Conveyance of Commission Assets: Documents conveying property rights (real estate) must be executed by the Commission's Chair or Vice Chair.

1. **Limited Access Roadways:** Contracts involving changes in access in keeping with the Commission's policy may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or District Engineers; however, deeds and/or other documents used to convey the property and/or property rights must be executed by the Chair or Vice Chair. (February 13, 1997; July 10, 2001; December 10, 2004; June 10, 2005)
2. **Annexation:** Petitions for voluntary annexation where (1) the request documents contain no evidence of significant controversy and (2) the annexation would not be detrimental to the transportation system or the Commission may be executed by any one of the staff noted in paragraph A3 or the respective District Engineer. (January 17, 1997; February 13, 1997; July 10, 2001; December 10, 2004; June 10, 2005)
3. **Changes in Route Status:** Any one of the staff noted in paragraph A3 may approve and execute documents pertaining to (1) changes in route status resulting from projects which modify the right-of-way associated with a route either by acquisition of new right-of-way or by creation of excess right-of-way, and (2) the transfer of sections of the existing state highway system to another highway system or change the purpose of the sections even when no right-of-way modifications are involved. Related documents that convey property and/or property rights must be

executed by the Chair or Vice Chair. (June 5, 1998; July 10, 2001; December 10, 2004; June 10, 2005)

4. **Checks:** Checks for disbursement of funds from the Missouri Department of Transportation may be executed by any two (two must sign) of the staff noted in paragraph A3. Checks in excess of \$100,000 must be accompanied by written approval from one authorized signer whose signature does not appear on the check. (July 10, 2001; December 10, 2004; June 10, 2005)
5. **Easements:** Easements across Commission property may be approved by any one of the staff noted in paragraph A3; however, deeds and/or other documents used to convey the property must be executed by the Chair or Vice Chair. To avoid a violation of the Rule Against Perpetuities, the Chief Counsel's Office must review and approve as to form and content all agreements and deeds involving transactions where the Commission retains reversion rights. (June 2, 1989-utility; August 9, 1996; December 3, 1999; July 10, 2001, December 10, 2004; June 10, 2005)
6. **Equipment:**
 - a. **Titles—Surplus Equipment:** Titles conveying surplus equipment and vehicles may be executed by any one of the staff noted in paragraph A3, the General Services Director, or others designated in compliance with paragraph A5. (January 8, 1993; July 10, 2001; December 10, 2004; June 10, 2005)
 - b. **Titles—Damaged Property:** Titles conveying damaged motor vehicles necessary to effect settlement of a Commission's claim may be executed by any one of the staff noted in paragraph A3, the General Services Director, or others designated in compliance with paragraph A5. (January 13, 1989; July 10, 2001; December 10, 2004; June 10, 2005)
 - c. **Titles—Lien Releases:** Lien releases on titles of vehicles purchased for transportation agencies with Federal Transit Administration funds may be executed by any one of the staff noted in paragraph A3 or the Multimodal Operations Director. (February 3, 1995; July 10, 2001; December 10, 2004; June 10, 2005)
 - d. **Titles and Sales Contracts—Mobile Homes and other Improvements:** Titles and contracts for the sale of mobile homes and other improvements acquired during right-of-way acquisition may be executed by any one of the staff noted in paragraph A3, the Right of Way Director, or the respective District Engineer, except that sales for less than the appraised value must be approved by the Right of Way Director. (June 2, 1995; July 10, 2001; December 10, 2004; June 10, 2005)
7. **Excess Property:** Any one of the staff noted in paragraph A3 are authorized to approve the following conveyances and may execute agreements defining the terms of the conveyance; however, deeds and/or other documents used to convey the property and/or property rights must be executed by the Chair or Vice Chair. (July 10, 2001; December 10, 2004; June 10, 2005)

- a. **Local Public Agencies:** Property to local public agencies for their use and maintenance. (August 9, 1996; July 10, 2001; December 10, 2004; June 10, 2005)
 - b. **\$50,000 or Less:** Excess property appraised for \$50,000 or less (includes property owned in fee simple title and less than fee simple title). (August 9, 1996; July 10, 2001; December 10, 2004; June 10, 2005)
 - c. **\$50,001 or More – Less Than Fee Simple Title:** Excess property the Commission owns in less than fee simple title appraised for \$50,001, or more, provided the selling price is at least 50 % of the appraised value.
 - d. **\$50,001 or More – Fee Simple Title:** Transactions involving disposal of property owned in fee simple title having an appraised value of \$50,001 or more must be approved by the Commission. (August 9, 1996; July 10, 2001; December 10, 2004; June 10, 2005)
 - e. **Sales Agreements:** Contracts setting out the conditions for sale of excess property may be executed by any one of the staff noted in paragraph A3, the Right of Way Director, the General Services Director, or the District Engineers. (April 1, 1993; July 10, 2001; December 10, 2004; June 10, 2005)
8. **Use of Commission Property:** Leases and agreements for use of real property and its appurtenances acquired for roadway improvements prior to construction and following construction may be executed by any one of the staff noted in paragraph A3 or the Right of Way Director. (May 6, 1994; July 10, 2001; December 10, 2004; June 10, 2005)

F. Commission Use of Private and Other Public Assets

1. **Acceptance of Conveyances:** Any one of the staff noted in paragraph A3, the Right of Way Director, General Services Director, or respective District Engineer may execute documents accepting the conveyance of easements and property. (January 13, 1989; June 2, 1989; December 7, 1990; June 2, 1995; July 10, 2001; December 10, 2004; June 10, 2005)
2. **Leases:** Leases for office space may be executed by any one of the staff noted in paragraph A3, General Services Director, or respective District Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)

G. Operations

1. **Adopt-A-Highway Agreements:** Agreements allowing participation in the Adopt-A-Highway Program may be executed by any one of the staff noted in paragraph A3, the State Maintenance Engineer, or respective District Engineer. Any one of the staff noted in paragraph A3 or the State Maintenance Engineer may deny applications to participate in the Adopt-A-Highway Program. (July 10, 2001; December 10, 2004; June 10, 2005)
2. **Lighting:** Contracts for the installation of highway lighting may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or respective District Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)

3. **Maintenance Agreements:** Agreements with cities, counties or other political subdivisions for and concerning the maintenance of, and regulation of traffic on any state highway within such cities, counties or subdivisions may be executed by any one of the staff noted in paragraph A3, the State Maintenance Engineer, or respective District Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)
4. **Motor Carrier and Rail Industry Operations:** All documents necessary to carry out the following as it pertains to Motor Carriers and Rail Industry functions may be executed by any one of the staff noted in paragraph A3, Motor Carrier Services Director, Multimodal Operations Director, or others designated in compliance with paragraph A5. (July 10, 2001; December 10, 2004; June 10, 2005)
 - a. Provide necessary materials and services. (July 10, 2001; December 10, 2004; June 10, 2005)
 - b. Issue, execute, approve, accept and/or reject, as appropriate, registrations, authorities, certificates, permits, licenses, suspensions, reinstatements, tariff filings, and agreements. (July 10, 2001; December 10, 2004; June 10, 2005)
 - c. Collect fees and taxes authorized by law. (July 10, 2001; December 10, 2004; June 10, 2005)
 - d. Expend funds within the limits of appropriations and operating budget authority. (July 10, 2001; December 10, 2004; June 10, 2005)
 - e. Deposit and disburse funds due other jurisdictions pursuant to existing banking contracts. (July 10, 2001; December 10, 2004; June 10, 2005)
 - f. Continue existing or negotiate and execute necessary agreements to maintain existing services and responsibilities of the Motor Carrier Services Division and the rail safety program. (June 7, 2002; December 10, 2004; June 10, 2005)
5. **Permits:** Driveway, Excavation, Junkyard, Outdoor Advertising Permits, and Special Permits for house moves may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or the respective District Engineer. Special permits for vehicles or equipment exceeding the legal limitations on width, length, height, and weight must be executed by the Chief Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)
6. **Rail/Highway Crossings:** Uncontested Administrative Orders for rail/highway safety projects may be executed by any one of the staff noted in paragraph A3. (July 2, 2003; December 10, 2004; June 10, 2005)
7. **Signals:** Contracts for fire station signals or preemptive devices and contracts for temporary and permanent vehicular signals at schools may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or the respective District Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)

8. **Signs:**

- a. **Logo Signs:** Tri-party sales contracts between the advertising businesses, the administrator of the logo signing program, and the Commission may be executed by any one of the staff noted in paragraph A3, or the Controller. (February 1, 1991; July 10, 2001; September 4, 2003; December 10, 2004; June 10, 2005)
- b. **Crossings:** Contracts for signs at school, cattle, or truck crossings may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or the respective District Engineer. (July 10, 2001; December 10, 2004; June 10, 2005)
- c. **Major Traffic Generators:** Contracts with representatives of major traffic generators outlining signing conditions may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or the respective District Engineer. (June 5, 1987; July 10, 2001; December 10, 2004; June 10, 2005)

9. **Speed Limits/Parking Restrictions:**

- a. **Speed Limit Changes:** Documents related to speed limit changes may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or respective District Engineer. (May 1, 1992; April 3, 1996; July 10, 2001; December 10, 2004; June 10, 2005)
- b. **Parking Restrictions:** Documents pertaining to parking restrictions may be executed by any one of the staff noted in paragraph A3, the State Traffic Engineer, or the respective District Engineer. Parking restrictions within incorporated areas must be requested through a city ordinance. (May 1, 1992; July 10, 2001; December 10, 2004; June 10, 2005)

10. **Highway Safety Program Operations:** All documents necessary to carry out the following pertaining to the Highway Safety division functions may be executed by any of the staff noted in paragraph A3 or others designated in compliance with paragraph A5:

- a. Provide necessary materials, equipment, and services. (December 10, 2004; June 10, 2005)
- b. Expend funds within the limits of the federal grant programs, appropriations, and operating budget authority. (December 10, 2004; June 10, 2005)
- c. Deposit and disburse funds due other jurisdictions pursuant to existing and new contracts. (December 10, 2004; June 10, 2005)
- d. Continue existing contracts or negotiate and execute new contracts to provide services needed to fulfill the responsibilities of the Highway Safety Program and the Motor Carrier Safety Assistance Program. (December 10, 2004; June 10, 2005)

H. Legal Documents – All documents below are excepted from attestation by the Secretary to the Commission.

1. **Pleadings:** The Chief Counsel, or others designated by the Chief Counsel in compliance with paragraph A5, may execute any pleading, motion, notice, stipulation, agreement, release, covenant not to sue, or other instrument in connection with court or agency proceedings to which the Commission is a party as authorized in the current Chief Counsel's Authority to Commence, Defend, and Settle Cases. (July 10, 2001; December 10, 2004; June 10, 2005)
2. **Expert Witness/Consultant Services:** The Chief Counsel, or others designated by the Chief Counsel in compliance with paragraph A5, may execute contracts and expend funds for procurement of expert witnesses, consultant services, alternate dispute resolution services, and other services in the amount of \$25,000 or less. (July 10, 2001; December 10, 2004; June 10, 2005)
3. **Private Counsel:** The Chief Counsel, or others designated by the Chief Counsel in compliance with paragraph A5, may execute contracts and expend funds for procurement of private counsel services in the amount of \$100,000 or less per year with any individual law firm in the following areas: (July 10, 2001; December 10, 2004; June 10, 2005)
 - a. Condemnation
 - b. Fleet vehicle liability
 - c. General liability
 - d. Human Resources
 - e. Property damage
 - f. Workers' compensation and workers' compensation subrogation

Other cases in which the Chief Counsel determines that such representation will further the interest of the Commission; however, a representation which in the opinion of the Chief Counsel is not routine and is unique or sensitive will be discussed with the Commission before counsel is retained.

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POLICY - DEBT MANAGEMENT

On behalf of the Director, Pat Goff, Chief Financial Officer, recalled that the Commission had established a Debt Management Policy in May 2000 to provide guidelines to staff as it executed a legislatively authorized program to sell bonds. He proposed. an updated policy, which will allow more aggressive and innovative financing.

After discussion and upon motion by Commissioner Anderson, seconded by Commissioner Michie, the Commission unanimously approved the following Debt Management Policy.

**MISSOURI HIGHWAYS AND TRANSPORTATION COMMISSION
DEBT MANAGEMENT POLICY**

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Section 1: Statement of Policy Objectives

The purpose of this debt management policy (“Policy”) is to ensure that each long-term debt financing of the Missouri Highways and Transportation Commission is completed in the most efficient and professional manner and in accordance with the highest standards of the industry, law and governmental practices. The goals of the Commission are to:

- Maintain the best possible credit ratings on long-term debt issued by the Commission and its component units
- Minimize borrowing costs
- Optimize future flexibility and debt profile; and
- Use debt to fund significant projects

This Policy has been developed to reflect conditions at the state and federal levels as of the date of the adoption of the Policy.

Section 2: Application of Policy

This policy will apply to any long-term indebtedness of the Commission or component units of the Commission. Long-term indebtedness refers to debt issued for capital financing with terms of one year or longer. This policy shall also apply to capital equipment financing whether a capital lease or an operating lease having a life of one year or longer. However, this policy may also apply to other short-term debt. The Missouri Department of Transportation Chief Financial Officer will be responsible for ensuring that this policy is followed.

The Chief Financial Officer has the responsibility and authority for structuring, implementing and managing the debt and finance program and for ensuring compliance with this Debt Management Policy. The Chief Financial Officer shall also advise the Commission regarding the need to amend this Debt Management Policy and recommend any amendments.

The Commission may amend this Debt Management Policy if doing so advances its fiscal management goals and objectives and such an amendment is fiscally prudent. Such amendment shall be evidenced in writing and copies of thereof shall be delivered promptly to the rating agencies.

Section 3: Definitions

Arbitrage:

Investment earnings on bond proceeds and certain monies pledged for payment of bonds which are invested at a yield greater than the yield on the applicable bonds. The Internal Revenue Service regulates the amount and conditions under which arbitrage must be rebated to the U. S Treasury.

Capital Project:

A project having a useful life of greater than one year, not financed from the current operating budget and which is included in a multi-year capital improvement program.

<i>Commission:</i>	Missouri Highways and Transportation Commission created in article IV, section 29, Missouri Constitution.
<i>Component Unit:</i>	Entities for which the Commission is considered to be financially accountable; for example, a transportation corporation or transportation development district issuing revenue bonds in which bond repayment is dependent upon Commission funding, as identified in the audited financial statements of the department. By Missouri statute the debt of transportation corporations and transportation development districts is not an obligation of the State of Missouri, or any agency, or political subdivision thereof.
<i>Debt Capacity:</i>	The amount of debt or financing obligations that may be issued by a borrower within legal constraints without overextending the borrower's ability to repay those obligations.
<i>Debt Service Coverage:</i>	Revenues deposited into the State Road Fund, State Highways and Transportation Department Fund and State Road Bond Fund, less actual costs of: 1) refunds of overpayments or erroneous payments of state revenue derived from highway users 2) collection of the Department of Revenue but not to exceed 3% of the particular tax/fee collected 3) retirement programs as permitted by law; and 4) Missouri State Highway Patrol to administer and enforce state motor vehicle laws divided by the maximum annual debt service on outstanding bonds issued by the Commission.
<i>Department:</i>	Missouri Department of Transportation as created in article IV, section 29, Missouri Constitution
<i>Derivative Product:</i>	A financial agreement associated with a debt issue or an investment in which its value is derived from other sources. A derivative product includes agreements to exchange fixed and floating rates, limit variable interest rate risk, or fix an interest rate on an investment or debt product for certain periods.

<i>Leasing of Capital Equipment</i>	Leasing of Capital Equipment, whether a capital lease or an operating lease having a life of one year or longer, is another form of debt extending the payment cycle beyond a single budget year, and therefore are subject to the terms of these policies.
<i>Local Fund:</i>	Authority granted to the Commission by RSMo 227.180 to act as trustee to parties who contract to contribute toward the cost of road or bridge construction and to deposit such funds into various banks or trust companies throughout the state.
<i>Official Statement:</i>	The disclosure document prepared by the issuer of bonds describing the structure and security of the bond issue, as well as the economic, financial, demographic and managerial characteristics of the issuer, as appropriate.
<i>Original Issue Discount:</i>	The price an investor pays for a bond of an initial issue if the price is below the face (par) amount of the bond.
<i>Original Issue Premium:</i>	The price an investor pays for a bond of an initial issue if the price is above the face (par) amount of the bond.
<i>Project Acceleration:</i>	Debt financing allowing a project to be constructed earlier than originally programmed by the Commission.
<i>Refunding Bonds:</i>	Refunding bonds are bonds issued for the purpose of retiring, either at maturity, or in advance of maturity, previously issued bonds. These bonds are typically issued to achieve interest rate savings, restructure principal, or to eliminate burdensome covenants with bondholders.
<i>Reoffering Yield or Price:</i>	The initial yield to the investor, often expressed as the price of the bond as a percent of its face (par) amount.
<i>Revenue Bonds:</i>	Revenue bonds are payable from specific sources of revenues. Revenue bonds are secured by a revenue pledge, and by related covenants of the Commission to assure the adequacy of the pledged revenue sources.

Total Transportation Road and Bridge Budget Total state and federal revenues available as reported in the department's Annual Report to the legislative Joint Committee on Transportation Oversight

Variable Rate Debt An instrument typically with a long-term nominal maturity where the interest rate is adjusted periodically, on a daily, weekly, monthly, semi-annual or annual basis. With true variable rate demand obligations, the investor has the ability to unilaterally sell back their bonds to the remarketing agent. There are other types of short-term (variable rate) debt, such as auction rate securities, where investors may tender a bid to buy, sell or hold securities on a periodic basis, but there is no ability to sell the bonds back to a broker-dealer.

Section 4: Appropriate Uses of Debt

- a) Commission issued debt is for the purpose of providing funds for the construction and reconstruction of the State Highway System pursuant to article IV, section 30(b).
- b) All projects funded by Commission bonds shall be determined by the Commission pursuant to article IV, section 30(b).
- c) A component unit may issue debt to support the purpose for which it formed consistent with the requirements of state statute (Chapter 238, RSMo).
- d) All leases of one year or longer, capital or operating leases, are a form of debt, and extend beyond the current year budget. Leases are subject to review as to form by CCO. CFO is responsible for development of procedures to ensure leases are executed in conformity with the Commissions debt policy. Leases as part of a statewide contract, master agreement, or any other agreement fall within the scope of this policy.

Section 5: Description of Types of Debt

This section identifies the three categories of debt or other long-term obligations which may be incurred by the Commission and the intended sources of repayment.

<i>CATEGORIES</i>		<i>REPAYMENT SOURCE</i>
1.	Contractual obligations of the Commission to pay for all or some portion of projects approved for acceleration.	State or Federal Funds
2.	State Road Bonds which are revenue or revenue refunding bonds of the Commission.	State, Federal or Local Funds
3.	Capital or operating leases.	State Funds

Each of these potential debt instruments are payable from resources deposited into the State Road Fund or the State Road Bond Fund.

Additionally, Commission issued State Road Bonds must comply with Article IV, section 30(b).

Section 6: Analysis of Debt Capacity

The notion of identifying and monitoring debt capacity is important for several reasons. First, it acknowledges the relationship between outstanding debt and credit rating and the importance of maintaining a high rating. This, in turn, helps to preserve a borrower's continuous access to low-cost capital financing. It minimizes the likelihood of draws on funds not intended to be used for debt service obligations. Finally, it reduces potential adverse impacts on other Department spending priorities.

The portion of the Commission's Total Transportation Road and Bridge Budget that can be allocated to fixed payments is identified in this section. The following capacity constraints relate to the Commission's potential debt or long-term obligations identified in the previous section.

A fixed percentage not to exceed 20% of the total annual Total Transportation Road and Bridge Budget may be used to meet the payment requirements of these types of obligations.

The Commission structures its debt into four liens – Senior Lien, First Lien, Second Lien, and Third Lien. The Senior Lien will not have additional bonds issued other than for the purpose of refunding the bonds. The First Lien will maintain at least 5.0x debt service coverage. The Second Lien will maintain at least 4.0x debt service coverage. The Third Lien will maintain at least 3.0x debt service coverage.

Section 7. Debt and Finance Plan Management

The Chief Financial Officer shall be responsible for implementing the debt and finance plans of the Department, including preparing cash flow projections of the Department's capital and debt programs. These projections should include estimates of:

- All sources of funds
- Each capital program component
- The timing of construction commitments and disbursements
- The timing of operating expenditures and transfers
- Debt service requirements; and
- Debt service coverage

The cash flow projections shall be revised at least semi-annually to reflect and incorporate current estimates for each element, including revised revenue and expense estimates, inflation, and interest rates.

Section 8: Project Acceleration Policy

A public or private entity ("Sponsor") may request that the Commission accelerate a highway/bridge project that is identified in the Commission's most recent five-year highway and bridge construction plan. If approved, the Commission will commit to future payments for the

portion of the principal cost of the project financing representing eligible project costs. Commission repayments, less a required Sponsor contribution, will begin on the date the construction award was originally programmed. The project repayment must fall within the acceptable levels of debt as outlined in the Policy. Requests to accelerate projects beyond the most recent five-year plan may be considered by the Commission on a case-by-case basis.

The Sponsor shall provide the project financing and pay costs related to the project financing (such as bond counsel, financial advisor, reserve funds and capitalized interest). The Sponsor shall agree to contribute 1% of the project costs for each year the project is accelerated. The project costs on which the contribution amount is determined shall include preliminary engineering, right-of-way acquisition, construction and construction engineering. If the project is financed by debt, the contribution shall occur within the period when debt service is due. If no debt financing is involved, the contribution shall be made by the estimated construction completion date.

If the project is located in a Transportation Management Area ("TMA"), the proposal to accelerate a project must also be in conformance with the applicable TMA's acceleration policy.

Section 9: Disclosure Practices

Official statements and other financial disclosure documents shall be prepared based upon industry practices, regulatory requirements, and the *Disclosure Guidelines for State and Local Government Securities* prepared by the Government Finance Officers Association (GFOA) where applicable. The Commission shall covenant to comply with all applicable secondary market disclosure requirements.

Section 10: Credit Rating Relations and Selection

Credit ratings are a major factor in determining the cost of borrowed funds in the municipal market. The determination of credit quality by a rating agency is based on that agency's assessment of the creditworthiness of the Commission with respect to a specific obligation. It is the goal of the Commission to maintain its positive presence in the credit markets through the maintenance of and improvement of all relevant credit characteristics within its control.

As the Commission Debt Management Policy is amended from time to time, a copy will be sent to the Credit Rating Agencies.

Section 11: Use of Credit Enhancement

Credit enhancement (third party guarantees of debt including but not limited to bond insurance, bank facilities, and surety bonds, as appropriate) may be used to improve the marketability of a particular issue or when the cost of the credit enhancement is less than the financial benefit which results from use of the enhancement. Absent special circumstances, credit enhancement providers shall be selected by competitive proposal.

Section 12: Optional Redemption Provisions

Commission debt issues shall customarily include an option by the Commission to redeem the outstanding principal after a specific date at a price at or above the par amount of the principal then outstanding. Exceptions may exist for shorter-term debt for which optional redemption may have an adverse effect on the interest rate or marketability of debt. The optional redemption terms shall be determined based upon the following factors:

- a) Special requirements of the Commission due to program or business terms; and
- b) The earliest date at which bonds may be redeemed at the lowest price which does not have a material adverse effect on the price or marketability of the issue.

Section 13: Financial Advice

The Commission may retain an independent professional service provider and bond counsel advisor in connection with all debt issues, when necessary. A service provider is prohibited from acting as an underwriter on any financing for which they have been engaged by the Commission to provide financial advisory services for a period of one year after the scheduled expiration of such financial advisor agreement.

Any person, firm, corporation or other entity doing business in the state of Missouri as a financial advisor, underwriter or investment advisor shall be selected in a manner consistent with the requirements of federal and state laws, regulations and administration rules.

Section 14: Method of Sale

Analysis will be conducted to ensure the most effective and efficient method of sale is selected.

Section 15: Term of Bonds

The term of the bonds will match the useful life of the projects.

Section 16: Refunding Procedures and Practices

Refunding of outstanding debt will be considered in order to:

- Achieve interest rate savings.
- Restructure principal; and
- Eliminate burdensome covenants with bondholders.

The number of refundings which may be undertaken to achieve interest rate savings are limited by federal regulations. Therefore, savings should be sufficient to offset reduced future refunding flexibility. For refundings to reduce debt service costs, the targeted level of the net present value of debt service savings for current refundings will be 3% of the refunded par amount of bonds. The targeted level of the net present value of debt service savings for advance refundings will be 5% of the refunded par amount of bonds.

The manner in which savings are realized (up front, deferred or on a level annual basis) should be determined based upon the overall needs and objectives of the Commission. In most instances, up front savings will be used to fund capital projects, while annual savings will be used to reduce ongoing revenue or appropriation requirements.

Refundings involving a restructuring of principal shall be considered if there is no adverse affect on the credit rating (if any) or credit perception of the issue, or if the Commission can achieve a more favorable matching of revenues or other resources pledged to meet debt service payments. Restructuring of principal shall seek to minimize the amount of refunding debt to be issued.

Refundings undertaken to respond to a change of legal covenants or to make pledged reserves available for other purposes should determine any economic impact on the Commission as measured by present value savings or loss, inclusive of cash contributions and any debt service reserve fund earnings. Such economic effects include:

- Limitations imposed by the Internal Revenue Code
- Use of reserves
- Future financing capacity
- Future marketability of the Commission's debt; and
- Credit ratings which may be related to the specific circumstances of the refunding.

Any debt service reserve funds which are released after a refunding shall not be used for operating expenses.

Refunding bonds issued by a component unit must be in conformance with the requirements of state statute (Chapter 238, RSMo).

Section 17: Use of Variable Rate Debt

The MHTC will not have unhedged variable rate debt outstanding in excess of 20% of the total principal amount of all debt outstanding.

Section 18: Use of Derivative Products

This section is reserved at this time.

Section 19: Investment of Bond Proceeds

To the extent possible, investments will be managed to preserve principal, maximize the interest earned, meet legal covenants, match liquidity requirements and observe tax law limitations.

Section 20: Arbitrage Rebate Compliance

To the extent required by applicable federal laws, regulations, and bond covenants, the Commission and component units will comply with all arbitrage rebate requirements. The Commission may use outside experts, including bond counsel, financial advisor or public accountants, to assist in preparing required filings and making payments. The Commission will annually determine any accrued rebate liability and make provisions for reserving funds for

rebate purposes.

Section 21: Debt Service Reserve Funds

Debt service reserves funded by proceeds of bonds or available cash or cash equivalents may be created to secure debt issues of the Commission or component units. Debt service reserve funds will be created only when required to market a specific type of debt, achieve a desired credit rating or provide a needed liquidity source for a debt issue.

Section 22: Market and Investor Relations

The Commission shall maintain favorable relations with the investing public and the underwriters which buy and sell its debt. The following actions shall be taken to achieve this purpose.

- If deemed necessary or prudent, prior to the sale of bonds, the Commission shall adopt a marketing plan
- Maintain a mailing list of underwriter and institutional investors to which financial statements and information concerning any upcoming issues may be distributed
- Develop contacts with the portfolio managers for the major tax exempt mutual funds which purchase the Commission's debt. Mutual funds are among the most important forces in pricing large issues
- Maintain informal contacts with the underwriting desks of the dealers which routinely buy and sell the Commission's debt
- Maintain contacts with credit rating agencies to ensure that they are informed of the Commission's financial position and major initiatives; and
- Provide financial statements, official statements and periodic financial information to regional and national information pursuant to the MHTC ongoing disclosure obligations

Section 23: Use of Original Issue Discount and Premium

The Commission will minimize the use of original issue discount or original issue premium (OID and OIP, respectively) unless financial benefits can be demonstrated or it is necessary for purposes of marketing a portion of a bond issue. Bonds which carry significant OID may be rendered nonrefundable, a significant disadvantage to the Commission for which a commensurate benefit should be received. Bonds that generate a substantial OIP create more proceeds for the Commission but at a higher rate of interest.

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COMMISSION INQUIRIES

Route 36

In response to an inquiry from Commissioner Anderson regarding the status of the Route 36 project being pursued by the U.S. 36/I-72 Corridor Transportation Corporation, Director Rahn noted that the corporation has been moving forward and it appears that four counties will be considering a tax proposal to support the construction of the remaining 52-mile section of Route 36. The Commission has taken a strong position in support of the cost share agreement and is committed to providing the matching funds if the local tax proposal is passed by the voters in August 2005.

MoDOT Direction

The Commissioners expressed pleasure with the new and innovative approaches being taken by the staff to provide the greatest benefit to Missouri taxpayers for their investment in transportation.

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AWARDS

On behalf of the Director, Jay Wunderlich, Governmental Relations Director/Interim Community Relations Director, advised the Commission that MoDOT had recently received four awards, as noted below.

Missouri Lewis and Clark Bicentennial Legacy Award 2003-2006

Mr. Doyle Childers, Director, Missouri Department of Natural Resources, and Mr. Doug Eiken, Executive Director, Missouri Lewis and Clark Bicentennial Commission, presented the Missouri Lewis and Clark Bicentennial Legacy Award 2003-2006 to Pete Rahn, MoDOT Director, and Mark Kross, Environmental Process and Policy Specialist. MoDOT was honored for making a lasting contribution to the legacy of the Missouri Lewis and Clark Bicentennial through its efforts on Lewis and Clark Trail highway signing and on the Lewis and Clark Interpretive Signing Program.

National Association of Government Communicators First Place Blue Pencil Award

MoDOT Public Information Coordinator Matt Hiebert received the National Association of Government Communicators First Place Blue Pencil Award for his article, "Westward to the Future," that was printed in the Spring 2004 edition of *Pathways* magazine.

FHWA 2004 Photo Opportunity Award

District 9 Transportation Project Manager Robby Rakestraw received the Federal Highway Administration 2004 Photo Opportunity Award. The contest recognizes roadside programs that plant and protect native vegetation, use wildflowers, and control invasive species, as well as demonstrate this work through good photography.

Community Transportation Association of America's 2005 State Leadership Award.

Linda Yaeger, Executive Director of OATS, presented MoDOT's Transit section with the Community Transportation Association of America's 2005 State Leadership Award for being responsive to local transit systems and consistently providing support, advocacy and technical assistance. MoDOT is recognized by other state agencies and associations for its support of community transportation.

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2005 LEGISLATIVE REPORT

On behalf of the Director, Jay Wunderlich, Governmental Relations Director, summarized MoDOT's state legislative efforts during the 2005 session of the General Assembly.

Mr. Wunderlich noted that MoDOT had pursued a primary seat belt enforcement law as its top priority; however, such a measure failed to be enacted. A primary seat belt enforcement law would allow law enforcement personnel to stop and ticket drivers for not wearing a seat belt while operating a vehicle. Currently motorists can be ticketed only if the driver is stopped for another traffic violation. It is estimated that 90 lives per year could be saved and automobile injuries reduced with the implementation of a primary seat belt enforcement law.

Other measures supported by MoDOT that were not enacted include (1) increasing penalties for motorists who injure or kill a highway worker and (2) prohibiting motor carriers or

drivers from being registered in Missouri if a federal agency has prohibited them from participating in interstate commerce.

Mr. Wunderlich reported that the following bills having an impact on transportation were enacted:

Extension of Jet Fuel Tax - The state tax on jet fuel was extended from December 31, 2008, to December 31, 2013.

Tort Reform – An omnibus tort reform bill included a provision limiting the responsibility for those found to be 49 percent or less at fault to an equal percent of the judgment; those found to be 50 percent or more at fault would be jointly and severally liable for the amount of the judgment. An exclusive remedy cap of \$350,000 was created for claims against state employees. The cap will adjust each year for inflation.

Highway/Bridge Naming – A process was established for organizations to petition the Department of Transportation for designation of a section of state highway or a bridge. If the honoree is an individual (other than a law enforcement officer killed in the line of duty), the individual must have been deceased for more than two years.

Mr. Wunderlich reported that reauthorization of the federal transportation bill continues to be debated. The bill has been moved to Conference Committee in an effort to resolve the funding level differences between the Senate and House of Representatives. The seventh Continuing Resolution will expire on June 30, 2005.

* * * * *

PRACTICAL DESIGN

On behalf of the Director, Kevin Keith, Chief Engineer, reported that MoDOT has changed its approach as it pertains to designing solutions to transportation problems. He noted that for the past six months, the staff has moved away from strict adherence to engineering standards. In lieu thereof, the staff is looking at the specific problem and location and developing a good solution that can be accomplished at the lowest cost. He emphasized,

however, that the new process does not compromise safety: every project contributes to a safer system.

Mr. Keith stated that “practical design” would allow MoDOT to provide Missourians with “good,” but not “great” projects. The savings that result will allow more miles of the highway system to be improved.

Mr. Keith reported that during the past six months, the staff had trimmed nearly \$400 million from the cost of projects in the Statewide Transportation Improvement Program (STIP) (14 percent) and the major projects of Amendment 3 (12 percent). He noted that the savings to date would be the equivalent of a 3-cent per gallon motor fuel tax increase over the next five years.

“Practical design” is intended to be a philosophical change in direction. The concept will be applied to every project added to the STIP. Mr. Keith projected that the long-term impact of this concept will be even greater than the six-month accomplishment to date.

MoDOT will be applying the “practical design” concept to other operational areas in order to allow the maximum amount of funds available to MoDOT to be allocated to highway improvements.

Mr. Keith highlighted some specific projects where dramatic savings had been realized. He cautioned that the savings are “anticipated” based on redesign and re-estimates. They will not be realized until the projects are built. In the interim, MoDOT will be sharing the “practical design” concept with its counterparts in other states with the hope of making more dollars available for transportation improvements nationwide.

The Commission members commended Mr. Keith and the staff on the “practical design” concept. Commissioner McKenna encouraged the staff to apprise the members of the legislature

of this change in MoDOT philosophy so they can share this information with their constituents. Mr. Keith was encouraged to continue this and other innovative efforts.

* * * * *

FISCAL YEAR 2006 OPERATING BUDGET

On behalf of the Director, Pat Goff, Chief Financial Officer, recalled that an overview of the proposed Fiscal Year 2006 Operating Budget was presented at the Commission's May 2004 meeting. Mr. Goff noted that the preliminary budget of \$1.8 billion approved by the Commission in November of 2004 had been adjusted in keeping with legislative actions and changes in operations, principally the Smooth Roads Initiative. He reviewed budget trends and discussed the following assumptions upon which the budget is based:

- Fiscal Year 2006 state revenues are projected to increase by 0.7% over the expected revenues for Fiscal Year 2005.
- Federal apportionments are projected to increase by 3.0%; however, due to timing differences, the federal reimbursements appear to decrease from Fiscal Year 2005 to Fiscal Year 2006.
- Fringe benefits are projected to increase approximately 6.9% for Fiscal Year 2006, primarily due to increasing retirement and medical plan costs.

After reviewing the budget in detail, comparing the budget with the Fiscal Year 2005 budget, and presenting various trends, Mr. Goff recommended the following:

- Approval of the Missouri Department of Transportation FY 2006 Budget request in the amount of \$2,213,759,120 as identified in Table 1.
- Approval of the Fiscal Year 2006 Budget Summary of Total Expenses by District, Business Unit, and Programs as identified in Table 2.
- Approval of the Fiscal Year 2006 Budget Summary of Total Expenses by Expense Category as identified in Table 3.
- Approval of the Fiscal Year 2005 and Fiscal Year 2006 Budget Summaries by Tangible Result as identified in Table 4.

- Approval of the Capital Improvement Program in the amount of \$12,703,500 as submitted on the tabulation titled Fiscal Year 2006 Capital Improvement Program dated June 10, 2005, and authorization for the Director, Chief Financial Officer or his designee to (1) approve bids and execute contracts for capital improvements within the limits of the approved budget and (2) to approve project additions, deletions and scope modifications to meet MoDOT's changing demands. The staff shall provide a report summarizing the Capital Improvement Program every six months or upon request if so desired by the Commission.
- Approval of the Fleet Equipment Acquisition and Leasing Plan as submitted on the tabulations titled "Fiscal Year 2006 Fleet Plan" and "Fiscal Year 2006 Fleet Equipment Acquisition Plan" dated June 10, 2005, and authorization for the Director, Chief Financial Officer or his designee to (1) approve bids and execute contracts as needed to implement the Fleet Equipment and Leasing Plan within the limits of the approved budget and (2) to approve amendments to the submitted plans concerning specific equipment purchases and/or leases to meet MoDOT's changing demands. The staff shall provide a report summarizing the Fleet Equipment Acquisition and Leasing Plan every six months or upon request if so desired by the Commission.
- Approval of the Fiscal Year 2006 Information Technology Expense and Equipment Proposed Budget in the amount of \$37,469,126 as submitted and authorization for the Director, Chief Financial Officer, or Information Systems Director or his designee to approve bids and execute contracts needed to implement the Professional Services and Service Contracts and Equipment Purchases Plan for Information Systems within the limits of the approved budget and (2) to approve amendments to the submitted plan to meet MoDOT's changing demands. The staff shall provide a report summarizing the Professional Services and Service Contracts and Equipment Purchases Plan for Information Systems every six months or upon request if so desired by the Commission.
- Authorization for the Director, Chief Financial Officer, or his designee to approve bids and execute contracts and/or documents needed for the acquisition of goods and services specified on a tabulation titled "Fiscal Year 2006 List of Routinely Bid and Contracted Goods/Services in Excess of \$200,000." The staff shall provide a report summarizing the goods and services acquired under this authority every six months or upon request if so desired by the Commission.

Table 1
Missouri Department of Transportation
FY 2006 Budget
(In Thousands of Dollars)

	<u>FY 2006 Current Budget Request</u>
Income	
State Revenue	\$1,140,077
Federal Reimbursement	<u>\$755,651</u>
Total Income	\$1,895,728
 Bond Proceeds	 \$360,000
 Net Income	 <u>\$2,255,728</u>
Expenditures	
Administration:	
Personal Services	\$19,664
Fringe Benefits	\$20,660
Expense & Equipment	<u>\$6,540</u>
Administration Total:	\$46,864
 Maintenance:	
Personal Services	\$136,849
Fringe Benefits	\$86,224
Expense & Equipment	<u>\$174,829</u>
Maintenance Total:	\$397,902
 Motor Carrier:	
Personal Services	\$3,724
Fringe Benefits	\$2,091
Expense & Equipment	\$2,136
Program and Refunds	<u>\$25,800</u>
Motor Carrier Total:	\$33,751
 Motorist Assistance:	
Personal Services	\$1,907
Fringe Benefits	\$1,210
Expense & Equipment	<u>\$317</u>
Motorist Assistance:	\$3,434
 Highway Safety:	
Personal Services	\$681
Fringe Benefits	\$240
Expense & Equipment	\$2,467
Program and Refunds	<u>\$17,169</u>
Highway Safety Total:	\$20,557

(Table 1 continued)

Construction:	
*Personal Services	\$84,150
*Fringe Benefits	\$44,817
*Expense & Equipment	\$24,070
Contractor Payments from State Road Fund	\$671,608
Contractor Payments from Bond Proceeds	\$360,000
Design Bridge Consultant Payments	\$40,000
Accelerated Program	\$15,156
Transportation Enhancements Contractor Payments	\$10,133
Transportation Enhancements Federal Pass-Through	\$14,867
Right of Way Land Acquisition	\$80,000
Federal Pass-Through	<u>\$76,669</u>
Construction Total:	\$1,421,470
Fleet, Facilities & Information Systems:	
Personal Services	\$15,436
Fringe Benefits	\$8,406
Expense & Equipment	<u>\$86,907</u>
Fleet, Facilities & Information Systems Total:	\$110,749
Multimodal:	
Personal Services	\$1,657
Fringe Benefits	\$814
Expense & Equipment	\$894
Program and Refunds	<u>\$56,555</u>
Multimodal Total:	\$59,920
Debt Service on Bonds	\$119,112
Purchase Order Rollover	\$0
Total MoDOT Expenditures	\$2,213,759
Other Expenditures	
Other State Agencies	\$176,343
Miscellaneous Refunds	<u>\$16,587</u>
Total Expenditure for MoDOT and Other Agencies	\$2,406,689
Excess (Deficiency) of Net Income Over Expenditures	(\$150,961)

Table 2
Missouri Department of Transportation

FY 2006 Budget Summary of Total Expenditures by District, Business Unit, and Programs
(In Thousands of Dollars)

<u>Organization</u>	<u>FY 2006 Current Budget Request</u>
District 1	\$37,970
District 2	\$40,723
District 3	\$39,329
District 4	\$64,202
District 5	\$45,066
District 6	\$75,050
District 7	\$40,886
District 8	\$46,885
District 9	\$40,204
District 10	\$45,112
Project Delivery	\$36,641
System Management	\$81,518
System Facilitation	\$100,291
Audits & Investigations	\$1,475
Chief Counsel's Office	\$6,822
Commission Secretary's Office	\$282
Director's Office	\$1,069
Governmental Relations	\$598
Multimodal Operations	\$59,579
Community Relations	\$2,072
Organizational Results	\$3,874
Department Wide Expenses*	\$44,787
Emerging Needs	\$0
Contractor Payments	\$1,041,520
Design Bridge Consultants	\$40,000
Debt Services	\$119,112
Innovative Finance	\$15,156
Local Funds Transportation Planning	\$0
Federal Pass-Through	\$91,536
Right of Way Payments	\$80,000
Unallocated Reserves	<u>\$12,000</u>
	\$2,213,759
Purchase Order Rollover	\$0
Total MoDOT Expenditures	<u>\$2,213,759</u>
Other State Agencies	\$176,343
Miscellaneous Refunds	\$16,587
Total MoDOT and Other Agencies	<u>\$2,406,689</u>

*Includes Retirees Medical State Share, Employee Assistance Program, Missouri Logos Program and Refunds. This currently also includes money for proposed job study, comp time paydown and salary equity estimates that will be allocated at a later date.

Table 3

Missouri Department of Transportation
FY 2006 Budget Summary of Total Expense by Expense Category
(In thousands of Dollars)

<u>Expense Category</u>	<u>FY 2006 Current Budget Request</u>
Salaries & Wages	\$264,069
Benefits	\$142,955
Travel, In-State	\$3,053
Travel, Out-of-State	\$764
Fuel & Utilities	\$7,694
Supplies	\$116,634
Professional Development	\$1,812
Communication Serv & Supp	\$5,519
Professional Services	\$90,100
Janitorial Serv	\$5,375
M&R Services	\$14,059
Computer Equipment	\$10,456
Motorized Equipment	\$12,591
Office Equipment	\$576
Other Equipment	\$7,582
Contractor Payments	\$1,145,455
Debt Service	\$135,328
Building Lease Payments	\$1,305
Equipment Rental & Leases	\$13,220
Miscellaneous Expenses	\$43,397
Rebillable Expenses	\$0
Refunds	\$27,000
Program Distributions	<u>\$164,815</u>
	\$2,213,759
 Purchase Order Rollover	 \$0
Personal Service Rollover	\$0
 Total MoDOT Expenditures	 \$2,213,759
 Other State Agencies	 \$176,343
Miscellaneous Refunds	\$16,587
 Total MoDOT and Other Agencies	 \$2,406,689

Table 4
Missouri Department of Transportation
2006 Budget Summaries by Tangible Result
(In thousands of dollars)

Tangible Results	FY 2006 Budget Request
1. Uninterrupted Traffic Flow	\$161,194
2. Smooth & Unrestricted Roads and Bridges	\$231,471
3. Safe Transportation System	\$44,237
4. Roadway Visibility	\$73,250
5. Personal, Fast, Courteous & Understandable Response to Customer Requests (In-bound)	\$1,939
6. Partner With Others to Deliver Transportation Services	\$105,132
7. Leverage Transportation to Advance Economic Development	\$3,143
8. Innovative Transportation Solutions	\$3,932
9. Fast Projects That Are of Great Value	\$177,508
10. Environmentally Responsible	\$4,399
11. Efficient Movement of Goods	\$10,260
12. Easily Accessible Modal Choices	\$66,178
13. Customer Involvement in Transportation Decision-Making	\$7,504
14. Convenient, Clean & Safe Roadside Accommodations	\$5,106
15. Best Value For Every Dollar Spent	\$20,859
16. Attractive Roadsides	\$53,444
17. Advocate for Transportation Issues	\$5,362
18. Accurate, Timely, Understandable & Proactive Transportation Information (Out-bound)	\$6,076
19. RW & Construction Program and Motor Carrier Refunds	\$184,040
Sub-total of Tangibles Results without the Construction Program	\$1,165,034
1. Uninterrupted Traffic Flow	\$450,953
2. Smooth & Unrestricted Roads and Bridges	\$450,953
3. Safe Transportation System	\$20,975
4. Roadway Visibility	\$10,487
6. Partner With Others to Deliver Transportation Services	\$10,487
7. Leverage Transportation to Advance Economic Development	\$31,461
8. Innovative Transportation Solutions	\$10,487
10. Environmentally Responsible	\$20,975
11. Efficient Movement of Goods	\$10,487
12. Easily Accessible Modal Choices	\$10,487
14. Convenient, Clean & Safe Roadside Accommodations	\$10,487
16. Attractive Roadsides	\$10,487
Sub-total of Tangibles Results related to the Construction Program	\$1,048,725
1. Uninterrupted Traffic Flow	\$612,146
2. Smooth & Unrestricted Roads and Bridges	\$682,423
3. Safe Transportation System	\$65,211
4. Roadway Visibility	\$83,737
5. Personal, Fast, Courteous & Understandable Response to Customer Requests (In-bound)	\$1,939
6. Partner With Others to Deliver Transportation Services	\$115,619
7. Leverage Transportation to Advance Economic Development	\$34,605
8. Innovative Transportation Solutions	\$14,419
9. Fast Projects That Are of Great Value	\$177,508
10. Environmentally Responsible	\$25,374

(Table 4 Continued)

11. Efficient Movement of Goods	\$20,748
12. Easily Accessible Modal Choices	\$76,665
13. Customer Involvement in Transportation Decision-Making	\$7,504
14. Convenient, Clean & Safe Roadside Accommodations	\$15,593
15. Best Value For Every Dollar Spent	\$20,859
16. Attractive Roadsides	\$63,931
17. Advocate for Transportation Issues	\$5,362
18. Accurate, Timely, Understandable & Proactive Transportation Information (Out-bound)	\$6,076
19. RW & Construction Program and Motor Carrier Refunds	<u>\$184,040</u>
Total of Tangible Results	\$2,213,759

Commissioner Anderson commended the staff for its administration of the medical plan, which will experience a very low 2.8 percent increase for Fiscal Year 2006.

In response to Commissioner Michie's inquiry as to whether the budget had been prepared using a process beginning with input from those responsible for spending MoDOT dollars ("bottom-up" process), Mr. Goff said it had not. Mr. Goff felt that restructuring the budget based on the tangible results and business plans would allow that process to be implemented in the next fiscal year.

In response to Commissioner Michie's inquiry regarding accountability of funds allocated to Information Systems, Mr. Goff explained that a committee had been put in place to review Information Systems' core costs and proposed new projects. An Information Systems Plan is being prepared to ensure that the money put into this area is providing maximum benefit to MoDOT.

Commissioner Anderson expressed appreciation to the staff for their responsiveness to issues and concerns raised by the Commission at the prior meeting and making budget adjustments as a result thereof.

Commissioner Anderson moved approval of the staff recommendations as set out above, Commissioner Michie seconded the motion, and it was unanimously approved.

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RESOLUTIONS AUTHORIZING STATE ROAD BONDS, SERIES A 2005 AND SERIES B 2005

On behalf of the Director, Pat Goff, Chief Financial Officer, reported that he, Director Rahn, other staff, and MoDOT's financial consultant met with three rating agencies in New York last week. He anticipated confirmation of very favorable ratings. The term of the bonds will be in keeping with the expected life of the highway improvements. Mr. Goff anticipated that interest rates for the bonds would range between 3.2 percent and 3.7 percent. He noted that the rating, the interest rates, and the anticipated revenue growth would determine the amount of the bonding program, which is currently estimated to be between \$1.7 and \$1.9 billion.

Director Rahn attributed the anticipated good ratings to the conservative way the staff had structured the debt and the short term of the bonds. In addition, Mr. Rahn said the staff's outstanding presentation of its program to the bond rating companies had a very positive impact on the ratings.

After discussion and upon motion by Commissioner Anderson, seconded by Commissioner Michie, the Commission unanimously:

- Adopted a resolution authorizing the issuance of First Lien State Road Bonds, Series A 2005, in an aggregate principal amount not to exceed \$300,000,000, to fund projects for the state highway system and authorized and approved certain documents and actions in connection with the issuance of said Series A 2005 Bonds.
- Adopted a resolution authorizing the issuance of Multimodal Third Lien State Road Bonds, Series B 2005, in an aggregate principal amount not to exceed \$100,000,000, to fund projects for the state highway system; and authorized and approved certain documents and actions in connection with the issuance of said Series B 2005 Bonds.

- Authorized the Secretary to the Commission to execute the Resolutions evidencing the Commission's adoption thereof, subject to approval as to form by the Chief Counsel.
- Authorized the Director or the Chief Financial Officer to execute the following documents for both the Series A 2005 and Series B 2005 bonds: (1) Master Bond Indenture, (2) Supplemental Bond Trust Indenture No. 1, (3) Supplemental Bond Trust Indenture No. 2, (4) Tax Compliance Agreement, (5) Continuing Disclosure Agreement, (6) Bond Purchase Agreements, (7) the Official Statements, and (8) any other ancillary documents, certificates, or instruments necessary to complete the bond issuance, subject to approval by the Chief Counsel.

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EQUIPMENT MAINTENANCE AND COST REDUCTION PROGRAM

On behalf of the Director, Pat Goff, Chief Financial Officer, recommended the Commission participate in an Office of Administration statewide contract for office equipment maintenance. The State's Equipment Maintenance and Cost Reduction Program offered by Specialty Underwriters includes guaranteed savings on base maintenance coverage and no price increases for the next four years. Contracting with Specialty Underwriters is estimated to save \$193,000 over the four-year term of the contract.

Mr. Goff recommended approval for MoDOT to utilize Specialty Underwriters for office equipment maintenance where viable.

Via approval of the consent agenda, the Commission unanimously approved the recommendation, subject to approval as to form by the Chief Counsel's Office.

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NORTH MAIN/MALONE TRANSPORTATION DEVELOPMENT DISTRICT, APPOINTMENT OF AN ADVISOR, APPROVAL OF THE PROJECT

On behalf of the Director, Cheryl Ball, Interim District 10 Engineer, and Pat Goff, Chief Financial Officer, presented the following North Main/Malone Transportation Development District proposed transportation projects:

1. Improvements to the intersection of Main Street and Lake Street, including, but not limited to, the construction of turning lanes, a new traffic signal and other related improvements.
2. Improvements to the intersection of Main Street and Malone Avenue.
3. Improvements to the intersection of Main Street and Tanner Street.
4. Sidewalk improvements throughout the District including, but not limited to, construction of new sidewalks along Main Street and Lake Street.
5. Construction of street improvements and other public access areas (including ingress and egress) to the District.
6. Acquisition of right-of-way or easement rights necessary for any or all of the Transportation Project improvements.
7. Streetscape improvements along the public right-of-way including, but not limited to, street trees, lighting, landscaping and/or other decorative features.

A portion of the transportation project would be built on MHTC's right of way and be merged into the state highway system as a part of Highway 61; therefore, the Commission has a direct interest in the state portion of the proposed project.

The Development District will fund the costs of the project through the imposition of a sales tax pursuant to the Development District Act. The Commission has no financial participation in the project.

Via approval of the consent agenda, the Commission unanimously (1) appointed the District 10 District Engineer as the Commission advisor to the North Main/Malone Transportation Development District's board of directors and (2) found that the Commission's portion of the project is a necessary and desirable extension of the state highways and transportation system, subject to the Development District making any revisions in the plans and specifications required by the Commission and subject to the Development District entering into

a mutually satisfactory agreement with the Commission regarding development and future maintenance of the project..

In keeping with the Commission's Delegation of Authority to Execute Documents, the Director, Chief Engineer, or Chief Financial Officer may execute the related agreements.

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**STATE TRANSPORTATION ASSISTANCE REVOLVING FUND LOAN,
CITY OF BOLIVAR, CITY OF JOPLIN, APPROVAL OF LOANS**

On behalf of the Director, Brian Weiler, Multimodal Operations Director, and Pat Goff, Chief Financial Officer, recommended approval of a State Transportation Assistance Revolving (STAR) Fund loan to the City of Bolivar and City of Joplin, and also requested authority to enter into related loan documents.

The City of Bolivar requested a direct loan of \$100,000 from the STAR Fund to construct a corporate hangar to be located at the City of Bolivar Municipal Airport. The proposed terms are for a direct loan of \$100,000 to be taken in August 2005, with an interest rate to be fixed upon closing and estimated to be 2.723 percent. Principal and interest will be repaid in equal monthly installments over a ten-year term. A resolution to repay the loan will be provided by the City's governing body as security.

The City of Joplin requested a direct loan of \$250,000 from the STAR Fund to construct a General Aviation Hangar to be located at the City of Joplin Regional Airport. The proposed terms are for a direct loan of \$250,000 to be taken in August 2005, with an interest rate to be fixed upon closing and estimated to be 2.723 percent. Principal and interest will be repaid in equal monthly installments over a ten-year term. A resolution to repay the loan will be provided by the City's governing body as security.

Via approval of the consent agenda, the Commission approved the loans to the City of Bolivar and City of Joplin, based on the terms established in the Term Sheets. The Commission further authorized the Director or Multimodal Operations Director to execute the related loan documents, subject to approval as to form by the Chief Counsel's Office.

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**U.S. 36/I-72 CORRIDOR TRANSPORTATION CORPORATION,
REAPPOINTMENT OF MEMBERS TO THE BOARD OF DIRECTORS**

On behalf of the Director, Pat Goff, Chief Financial Officer, and Kirk Juranas, District 3 Engineer, presented the Commission with a request by the U.S. 36/I-72 Corridor Transportation Corporation to reappoint Bob Riley, the representative of Holliday, and Steven Whelan, the representative of Hannibal, for six-year terms expiring June 19, 2011.

Via approval of the consent agenda, the Commission approved the reappointments to the U.S. 36/I-72 Corridor Transportation Corporation Board of Directors, in accordance with the requirements of the Missouri Transportation Corporation Act.

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**HIGHWAY 63 TRANSPORTATION CORPORATION,
REAPPOINTMENT OF MEMBERS TO THE BOARD OF DIRECTORS**

On behalf of the Director, Pat Goff, Chief Financial/Administrative Officer, and Mike Bruemmer, District 2 Engineer, presented the Commission with a request by the Highway 63 Transportation Corporation to reappoint Gary Jones, Elsie Gaber, Debbie Boughton, Roger Rosenberg, and Bill Bullock for three-year terms expiring July 11, 2008.

Via approval of the consent agenda, the Commission approved the reappointments to the Highway 63 Transportation Corporation Board of Directors, in accordance with the requirements of the Missouri Transportation Corporation Act.

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CONSIDERATION OF BIDS ON FEDERAL-AID AND STATE PROJECTS

Award of Contracts May 20, 2005, Bid Opening

On behalf of the Director, Dave Nichols, Director of Program Delivery, stated that bids for road and bridge improvement projects had been received on May 20, 2005.

Mr. Nichols presented a tabulation of the bids received on all projects and recommended awards be made to the lowest responsive and responsible bidder noted below.

<u>Route County Project</u>	<u>Bid Amount Plus 2% for Contingencies</u>	<u>Non- Contractual Costs</u>	<u>Contractor</u>
Call 101 29 and 35 Various J1M0049	\$297,824.36		Twin Traffic Marking Corp. Riverside, MO
Call 102 Various Andrew/Buchanan J1M0050	182,344.33		Collins & Hermann, Inc. St. Louis, MO
Call 103 Various Various J1M0051	182,344.33		Collins & Hermann, Inc. St. Louis, MO
Call 104 Various Various J1M0052	182,344.33		Collins & Hermann, Inc. St. Louis, MO

Call 201			
65	438,386.21	724.00	Boone Construction Co.
Saline			Columbia, MO
J2P0743			
Call 401			
71	57,422,224.36*	85,000.00	Clarkson Construction
Jackson			Company
J4I0766G			Kansas City, MO
435/470/71			
Jackson			
J4I0766J			
435			
Jackson			
J4I0766K			
435/470/71			
Jackson			
J4I0766L			
Call 402			
132	5,883,717.90	20,996.84	Ideker, Inc.
Ray			St. Joseph, MO
J4P1102L			
Call 403			
470	9,764,653.00	2,624.00	Superior Bowen Asphalt
Jackson			Company, L.L.C.
J4I1703			Kansas City, MO
50			
Jackson			
J4P1702			
470			
Jackson			
J1D0690A			
50			
Jackson			
J1D690B			
Call 404			
150	1,273,587.07		APAC-Kansas, Inc.,
Jackson			Kansas City Division
J4S1676			Overland Park, KS

Call 405			
71	162,960.56	656.00	Custom Lighting Services, LLC
Jackson			Kansas City, MO
J4P1664			
Call 406			
40	1,487,738.98	144.00	APAC-Kansas, Inc.
Jackson			Kansas City Division
J4S1688			Overland Park, KS
Call 407			
29	4,396,223.17	1,312.00	Superior Bowen Asphalt
Platte			Company, L.L.C.
J4D0600C			Kansas City, MO
Call 501			
B.L. 70	1,812,727.73	2,624.00	APAC-Missouri, Inc.
Boone			Columbia, MO
J5D0500F			
163			
Boone			
J5D0500G			
740			
Boone			
J5D0500H			
763			
Boone			
J5D0500J			
Call 502			
50/63	1,723,646.52	2,624.00	N. B. West Contracting
Cole			Company
J5D0500K			Brentwood, MO
163			
Boone			
J5D0500L			
763			
Boone			
JD0500M			
Call 503			
50	3,534,418.65	1,968.00	Jefferson Asphalt Company
Cole			Jefferson City, MO
J5D0500D			

B.L. 50
Cole
J5D0500E

Call 601

44	2,198,293.49	656.00	Unnerstall Contracting Company, Ltd. Pacific, MO
Franklin			
J6I0977B			

Call 602

70	3,702,193.20	1,155.913.00	Gerstner Electric, Inc. Fenton, MO
St. Charles/St. Louis			
J6I1735			

Call 603

70	90,336.01		N. B. West Contracting Company Brentwood, MO
St. Charles			
J6I1763			

Call 604

21	65,826.45		Midwest Trenching & Excavating, Inc. Washington, MO
St. Louis			
J6P1736			

Call 605

67	17,115,600.00	2,624.00	Pace Construction Company St. Louis, MO
St. Louis			
J6S1729			
180			
St. Louis			
J6D0500L			
67			
St. Louis			
J6D0501F			

Call 606

55	12,884,578.12		Fred Weber, Inc. Maryland Heights, MO
St. Louis/St. Louis City			
J6I1541			
55			
St. Louis City			
J6I1795			
55			
St. Louis City			
J6I1808			

Call 607 367 St. Louis J6U1085B 367 St. Louis J6U1085C	45,857,331.33	2,274.20	Fred Weber, Inc. Maryland Heights, MO
Call 608 370 St. Charles/St. Louis J6P1855	46,912.86		Gerstner Electric, Inc. Fenton, MO
Call 609 64 St. Charles/St. Louis J6I1817	1,267,372.57	512,520.00	Gerstner Electric, Inc. Fenton, MO
Call 610 70 St. Charles J6I1753	1,004,046.18		Gerstner Electric, Inc. Fenton, MO
Call 611 270 NOR St. Louis J6I1798 N St. Louis J6S1810	561,000.00	8,000.00	Gerstner Electric, Inc. Fenton, MO
Call 612 70 SOR St. Charles J6I1851	680,072.42	144.00	Gaines Construction, Inc. Wentzville, MO
Call 613 47 Franklin J6P1700 47 Franklin J6P1701	3,936,180.00	360.00	N. B. West Contracting Company Brentwood, MO

Call 614			
79	3,695,647.73	656.00	Chester Bross Const. Co./
St. Charles			C.B. Equipment, Inc.
J6P1693			Hannibal, MO
Call 615			
367	626,051.52	144.00	Gerstner Electric, Inc.
St. Louis City			Fenton, MO
J6S1849			
Call 616			
340	3,661,790.87	1,600.00	Pace Construction Company
St. Louis			St. Louis, MO
J6S1680			
340			
St. Louis			
J6S1722			
Call 617			
141	542,373.96	200,877.21	Gerstner Electric, Inc.
St. Louis			Fenton, MO
J6P1820			
Call 618			
270	10,949,813.67	2,624.00	Fred Weber, Inc.
St. Louis/St. Louis City			Maryland Heights, MO
J6D0500A			
70			
St. Louis			
J6D0500E			
270/255			
St. Louis			
J6M0093			
Call 619			
Various	954,653.92		Collins & Hermann, Inc.
Various			St. Louis, MO
J6M0097			
Call 620			
M	1,164,800.92		Byrne & Jones Construction
St. Charles			St. Louis, MO
J6S1857			
W			
St. Charles			
J6S1858			

DD
St. Charles
J6M0094
Y
St. Charles
J6M0095

Call 701

249 4,861,575.10
Jasper
J7U0436G

Freesen, Inc.
Springfield, IL

Call 801

13 189,302.82
Polk
J8P0768
B. L. 44
Greene
J8S0767

Mill Valley Construction, Inc.
Shawnee Mission, KS

Call 803

13 230,198.87 656.00
Stone
J8P0770

Hartman and Company, Inc.
Springfield, MO

Call 804

254 603,286.37 10,300.00
Hickory
J8L0500E
NN
Dallas/Hickory
J8L0500F
64
Hickory
J8L0500G
Pks.
Hickory
J8L05POM

APAC-Missouri, Inc.
Columbia, MO

Call 901

44 772,616.76 6,832.00
Crawford
J9D0500B
63
Howell
J9D0500D

Chester Bross Const. Co./
C. B. Equipment, Inc.
Hannibal, MO

21
Iron
J9M0056

Call 902

C
Iron
J9M0062

69,051.96

Lynnson, Inc.
Poplar Bluff, MO

Call 905

B.L. 63
Howell
J9D0500E

363,771.95

656.00

Ozark Asphalt Company
West Plains, MO

Call 906

44
Various
J9I0553

171,148.95

Central Seal Company
Danville, KY

Call 907

44
Various
J9M0063

815,994.85

4,000.00

Mar-Jim Contracting, LLC
Oak Grove, MO

Call 908

44
Phelps/Crawford
J9I0533
44
Phelps
J9I0534
44
Crawford
J9D0500C

3,673,769.94

984.00

West Contr., N.B. &
Jefferson Asphalt Co.
St. Louis, MO

Call X01

W
St. Francois
J0S0881

810,965.25**

482.50

Penzel Construction Company,
Inc.
Jackson, MO

Call X02

55
Pemiscot
J0M0018

560,676.56

Randy S. Callahan Construction
Company, Inc.
Poplar Bluff, MO

55
 Pemiscot
 J0M0019
 412
 Pemiscot
 J0M0020

Call X04

Various	106,914.99	2,400.00	K and K Electric Company
Various			Cape Girardeau, MO
J0M0021			

Call X05

61	205,819.95		K and K Electric Company
Cape Girardeau			Cape Girardeau, MO
J0P0891			

Call X06

K	149,131.46	656.00	Penzel Construction Company,
Cape Girardeau			Inc.
J0S0908			Jackson, MO

Totals	<u>\$213,334,242.50</u>	<u>\$2,034,031.75</u>	
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* KCMO is responsible for approximately \$5,700,000.00
 **City of Farmington is responsible for approximately \$408,063.97

Construction speed limits conform to the standard work zone speed limits shown on Standard Drawing No. 616.10 as approved by the Commission.

Concurrence in Award of Contract

Mr. Nichols recommended the Commission concur with St. Joseph Development Company, LLC, in awarding the following contract to the low bidder listed below.

Route County Project	Description	Bid Opening Date	Bid Amount Plus 2% for Contingencies	Contractor
Bus. 29 Buchanan/ Andrew J1S0807	Intersection Improvements	April 7, 2005 (St. Joseph Development Company, LLC)	\$628,066.17*	Clarkson Construction Co. Kansas City, MO

*MoDOT is responsible for \$608,626.15

Authority to Reject Bids

Mr. Nichols advised the Commission that bids were received on May 20, 2005, on the following projects. He recommended the bids on Calls 802, 904, and X03 be rejected because they were considered excessive.

<u>Route</u>	<u>County</u>	<u>Project</u>
Call 802 160	Greene	J8U0535
Call 904 63	Phelps	J9P0532
Call X03 412	Dunklin	J0P0570

Commission Action

After consideration and upon motion by Commissioner Michie, seconded by Commissioner McKenna, the Commission took the following action.

1. Awarded contracts to the lowest responsive and responsible bidders for bids received on May 20, 2005, as recommended and noted above, and authorized an additional two percent of the contract amount for contingencies. The Commission approved the allocation of funds covering the non-contractual costs for these projects as indicated on the above tabulation.
2. Rejected the bids on Calls 802, 904, and X03.
3. Concurred with St. Joseph Development Company, LLC, in award of contract to Clarkson Construction Company, as noted above.

In keeping with the Commission's Delegation of Authority to Execute Documents, the Director, Chief Engineer, or Director of Program Delivery may execute the contracts awarded above.

* * * * *

ROADWAY LOCATION AND/OR DESIGN APPROVAL

On behalf of the Director, the District 8 Engineer informed the Commission that preliminary plans and exhibits for the following project were presented at a public hearing.

**Route 76, Taney County
Fall Creek Road in Branson
Job No. J8S0718**

Public Hearing Held February 24, 2005

This proposed improvement involves widening Route 76 to four lanes, adding left and right turn lanes to Route 76, along with a new signal at the intersection with Fall Creek Road. Traffic will be maintained during construction. The project is 0.2 mile in length.

Mr. Dale Ricks, District 8 Engineer, recommended approval of the location and design as presented at the public hearing.

After full consideration of the favorable and adverse economic, social, and environmental effects of the recommended designs, the Commission, via approval of the consent agenda, unanimously found and determined the recommended designs would best serve the interest of the public and approved the recommendation.

* * * * *

ADMINISTRATIVE RULE, ORDER OF RULEMAKING, 7 CSR 10-9.010 THROUGH 7 CSR 10-9.060, LOGO SIGNING

On behalf of the Director, Eileen Rackers, State Traffic Engineer, presented order of rulemaking 7 CSR 10-9.010 through 7 CSR 10-9.060, Logo Signing. The purpose of the amended rulemaking is to reflect Federal Highway Administration's revision to 23 CFR 655, which governs the National Standards for Traffic Control Devices, and amends the Manual on Uniform Traffic Control Devices, 2003 Edition.

Ms. Rackers recommended approval of the filing of the order of rulemaking with the Joint Committee on Administrative Rules and the Office of the Secretary of State.

Via approval of the consent agenda, the Commission unanimously approved the recommendation and authorized the Director or Chief Engineer to execute documents necessary to initiate the rulemaking process.

* * * * *

RATIFICATION OF APPROVAL OF RIGHT OF WAY PLANS FOR CONDEMNATION

On behalf of the Director, Dave Nichols, Director of Program Delivery, recommended the Commission ratify the approval of the Chief Engineer of the following right of way plans, which have been filed for condemnation.

<u>County</u>	<u>Route</u>	<u>Job Number</u>	<u>Date Commission Approved Design</u>
St. Charles	I-70	J6I0950	September 7, 2001 (2 nd Amended)
St. Charles	79	J6P1532	*

* Fewer than five parcels do not require design approval.

In accordance with Section 227.050 RSMo, the Commission, via approval of the consent agenda, approved the right of way plans for the above noted projects and directed they be filed as necessary for the condemnation of right of way.

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-- REPORTS --

MoDOT FINANCIAL REPORT

Pat Goff, Chief Financial Officer, presented the Financial Report for Fiscal Year 2005 through April 30, 2005. The Financial Report is prepared on a cash basis and does not reflect construction contracts or funds encumbered for expense and equipment.

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By unanimous vote of all members present, the meeting of the Commission was adjourned.

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